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C O N F I D E N T I A L ASMARA 000017

DEPARTMENT FOR AF/EX AND AF/E

E.O. 12958: DECL: 01/07/2019

TAGS: [EFIN](#) [PREL](#) [ECON](#) [PGOV](#) [ER](#) [AE](#)

SUBJECT: ERITREA SPURNS WORLD BANK, ACCEPTS UAE LOAN

Classified By: Ambassador Ronald K. McMullen for reason 1.4(d)

1. (C) BANK: WANT \$30 MILLION? ERITREA: NO THANKS

Eritrea, objecting to conditions considered "an infringement on its sovereignty," has forgone World Bank funding amounting to about \$30m in project support that would have, inter alia, renovated the country's antiquated electrical system. The World Bank country director (protect) told the ambassador January 13 that Eritrea refused to sign the standard agreement to notify the Bank in the event Eritrea took on additional non-concessional debt. Regime officials told the country director that Eritrea had no plans to take on any new non-concessional debt, but objected in principle to the requirement, as it impinged on Eritrean sovereign authority.

2. (C) BANK: ANOTHER \$50 MILLION? ERITREA: SILENCE

The country director stated that in addition to losing the \$30m, Eritrea has not responded to Bank offers regarding an additional \$50m in available project funds and credits. He said the World Bank office in Asmara had not received regime permission to buy diesel fuel since April 10, 2008 (along with NGOs and UN agencies) and speculated that the Asmara office may see a long staffing gap in its expatriate director position upon his departure later in 2009. The country director also related a request he made to the Minister of Agriculture for information on recent crop estimates and a potential appeal for food assistance; the Minister said he would provide no information and would not support the notion of a special appeal.

3. (SBU) ABU DHABI: HOW ABOUT \$20m? ERITREA: YES!

Eritrea has accepted a loan of about \$20m from the Abu Dhabi Fund for Development (ADFD) to be used to "support the infrastructure of the country," according to January 14 media reports. The loan agreement was reportedly signed for Eritrea by an official of the Office of the President, not from the Ministry of Finance.

4. (C) COMMENT: These developments illustrate the Isaias regime's growing proclivity for largely "stringless" assistance from Gulf states and a mounting distain for offers of multilateral or Western bilateral assistance that require some accountability. The Gulf assistance may have political, as opposed to financial, strings attached. Dubai has become a leading get-away destination for regime big shots; Dubai is the only destination regularly served, with a fueling stop in Jeddah, by nearly moribund Eritrean Airlines. According to a leading opposition figure, Isaias personally purchased

property in Dubai's Palm Islands development in 2008. In the face of widespread food shortages, rather than appealing for international food assistance, Isaias publicly condemned "materialism" and urged Eritreans to aim for a daily intake of between 1,500 and 1,200 calories. END COMMENT.

MCMULLEN